PLEASANT VIEW CITY CORPORATION
Audit Report
Year Ended June 30, 2005

PLEASANT VIEW CITY CORPORATION Audit Report Year Ended June 30, 2005

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Auditor's Opinion



Honorable Mayor & Members of the City Council Pleasant View City Corporation Pleasant View City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Pleasant View City Corporation, Utah, as of and for the year ended June 30, 2005. Which collectively comprise the City's financial statements as listed in the Table of Contents. These financial statements are the responsibility of Pleasant View City Corporation, Utah, management. Our responsibility is to express an opinion on financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of Pleasant View City Corporation, Utah, as of June 30, 2005, and the respective changes in financial position and cash flows where applicable of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Governmental Auditing Standards, we have also issued our report dated December 5, 2005, on our consideration of Pleasant View City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with Government Auditing Standard and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of Pleasant View City Corporation, Utah.

The management's discussion and analysis on pages 3 through 7 and budgetary comparison information on pages 30 through 33 are not a required part of the financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Steve Johnstun & Associates Certified Public Accountant

Here Johnston & Ograciates

December 5, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

This document is a narrative overview and analysis of the financial activities of Pleasant View City for the year ending June 30, 2005.

FINANCIAL HIGHLIGHTS

- The total net assets of Pleasant View City increased by \$1,807,609 totaling \$7,990,863. The governmental net assets increased by \$1,227,979 and the business-type net assets increased by \$579,630.
- The total net assets of governmental and business-type activities is \$7,990,863 and is made up of \$3,442,981 in capital assets, such as land, infrastructure and equipment, and \$4,547,882 in other net assets. The \$4,547,882 in other net assets is made up of \$1,699,526, which is restricted for capital projects such as Roads.
- Total long-term liabilities of the City were increased by \$1,652,000.

REPORTING THE CITY AS A WHOLE

The discussion and analysis is intended to serve as an introduction to Pleasant View City's basic financial statements. Pleasant View City's basic financial statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of the Pleasant View City's finances, in a manner similar to a private -sector business.

- The statement of net assets presents information on all Pleasant View City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Pleasant View City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- The statement of activities presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.
- Both of the government-wide financial statements distinguish functions of Pleasant View
 City that are principally supported by taxes and intergovernmental revenues (governmental
 activities) from other functions that are intended to recover all or a significant portion of their
 costs through user fees and charges (business-type activities). The government-wide
 financial statements can be found on pages 8 & 9 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Pleasant View City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

• Governmental funds- These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on the way money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services provided. Governmental fund information helps users determine whether there are more or fewer financial resources available to spend in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The only major governmental funds (as determined by generally accepted accounting principles) are the General Fund and the Road and Sidewalk fund. The rest of the governmental funds are determined to be non-major and are included in the combining statements within this report.

Proprietary funds-Pleasant View City maintains one type of proprietary fund (enterprise funds), which reports the same functions presented as business-type activities in the government-wide financial statements. Pleasant View City uses enterprise funds to account for its Storm Sewer, Solid Waste, Water Utility and Sewer Utility.

As determined by generally accepted accounting principles, all enterprise funds meet the criteria of major fund classification.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Pleasant View City, assets exceed liabilities by \$7,990,863.

By far the largest portion of Pleasant View City's net assets (43%) reflect its investment in capital assets (e.g., land, buildings, infrastructure and equipment), less any related outstanding debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Some of the governmental activities for the fiscal year included General Governmental, Public Safety, Highways, Public Works, and Parks and Recreation.

The major Business-type activities expenditures were Salaries and Wages, Professional Services, Depreciation, Sewer Treatment Costs and Waste Collection and Disposal.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

The focus of the City's governmental funds is provided information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements.

As of June 30, 2005, the City's governmental funds (General and Capital Projects) reported combined fund balances of \$2,730,174. This represents an increase of \$299,849 (6.9%) over last year's ending balances.

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenses are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represent 70% of the total general fund revenues. The two largest elements of the taxes are sales and use taxes and property tax. Sales and use tax represent 31% of the total tax revenue and 22% of the total General Fund revenues. Property tax represents 45% of the total tax revenues and 32% of the total General Fund Revenues.

As stated earlier, the City maintains several enterprise funds to account for the business -type activities of the City. The separate fund statements included in this report provide the same information for business-type activities (but in much more detail) as is provided in the government-wide financial statements.

Significant changes in the governmental funds include a decrease in long-term debt of \$12,964 due to principle payments of debt.

Significant changes in business-type activities include an increase in long-term debt of \$1,627,000 due to sale of water revenue bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

- The City's first City Administrator was hired.
- \$105,000 was transferred to the Road and Sidewalk Fund to help with future road projects.
- \$15,000 was transferred to the Fire Equipment Fund to help fund a future fire department substation.
- \$60,000 was transferred to the Equipment Replacement Fund to help fund the purchase of future equipment (e.g. computers, trucks, snow plows, etc)
- \$65,000 was transferred to the Storm Sewer Fund to help with storm sewer projects.
- \$140,000 was transferred to the Park Development Fund to aide in expanding amenities in the city parks.
- \$22,000 was transferred to the Redevelopment Agency for startup redevelopment costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets-Pleasant View City's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$3,442,981 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements,

infrastructure (streets, sidewalks, curb and gutter, etc) and equipment. The total increase in the City's investment in fixed assets for the current year was \$829,425.

Major capital assets events during the current fiscal year included the following:

- \$22,679 for the purchase of a police vehicle through a lease.
- \$270,088 for the construction of a roundabout.

Additional information on the City's capital assets can be found in the footnotes to this financial report.

Long-term debt- At June 30, 2005, the City had a total debt outstanding of \$1,848,108. The majority of Pleasant View City's long-term debt, \$1,825,000, is debt secured solely by specific revenue sources. The city also has leased vehicles for \$23,108. The remainder of the long-tem debt comes from compensated absences.

The City's bonded debt increased by \$1,627,000 during the fiscal year.

Additional information on the outstanding debt obligations of the City can be found in the footnotes to this report.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Pleasant View City's finances for all those with and interest in the City's finances. Que stions concerning any information provided in this report or requests for additional financial information should be addressed to:

Pleasant View City
520 West Elberta Drive
Pleasant View, Utah 84414

Statement of Net Assets For the year ended June 30, 2005

	Primary Go	overnment
Exhibit 1	Governmental Activities	Business-type Activities
<u>ASSETS</u>		
Cash and cash equivalents	2,858,241	1,932,971
Accounts receivable - net	14	91.381
Investments	-	1,570,429
Sales taxes receivable	119,033	•
Due from other governmental units	52,000	,
Capital Assets:		
Land	236,708	156,261
Improvements	648,198	2,017,819
Equipment	11 6,0 32	267,963
Total assets	4,030,212	6,036,824
LIABILITIES		
Accounts payable and accrued liabilities	180,222	51,951
Bond interest payable	1,555	-
Loan payable revenue bonds - current	•	76 ,00 0
Loan payable revenue bonds - noncurrent	-	1,749,000
Compensated absences	17,445	
Total liabilities	199,222	1,876,951
NET ASSETS		
Invested in capital assets, net of related debt	851,556	617,043
Restricted for Roads	30 8, 348	5.7,5015
Unrestricted	2,671,086	3,542 ,8 30
Total net assets	3,830,990	4,159,873

Statement of Activities
For the year ended June 30, 2005

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			Program Revenues	S	<u> </u>	Chgs in Net Assets	
			Operating	Capital	Pr	Primary Government	
		Charges for	Grants and	Grants and	Governmental	Business-type	
Function/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	Total
Primary government:							
Governmental activities:							
General government	492,031	239,175		•	(252,856)	•	(252,856)
Public safety	900,524	142,384	30,367	•	(727,773)	1	(727,773)
Highways and public works	53,206	•	213,122	467,666	627,582	ı	627,582
Parks and recreation	216,958	70,622	•	•	(146,336)	•	(146,336)
Interest on long-term debt	1,126	•	1	1	(1,126)	•	(1,126)
Total governmental activities	1,663,845	452,181	243,489	467,666	(500,509)		(500,509)
Business-type activities:							, ,
Storm Sewer	101,360	279,301	ı	•	,	177.941	177.941
Water	307,754	542,831	•	1	,	235,077	235,077
Sewer	218,047	261,271	3	1	•	43,224	43,224
Solid Waste	226,437	232,363	ı	t	1	5,926	5,926
Total business-type activities	853,598	1,315,766	1	1	2	462,168	462,168
Total primary government	2,517,443	1,767,947	243,489	467,666	(500,509)	462,168	(38,341)
	General revenues:	2.4					
	Property taxes				666,945	ı	666,945
	General sales and use tax	nd use tax			510,761	•	510,761
	Franchise tax				380,008	•	380,008
	Highway tax				111,726	,	111,726
	Unrestricted inv	Unrestricted investment earnings	SS		41,248	52,462	93,710
	Miscellaneous				17,800	65,000	82,800
	Total general revenues	revenues			1,728,488	117,462	1,845,950
	Change in net assets	et assets			1,227,979	579,630	1,807,609
	Net assets - beginning (as restated)	nning (as restated	(i		2,603,011	3,580,243	6,183,254
	Net assets - ending	8			3,830,990	4,159,873	7,990,863

PLEASANT VIEW CITY CORPORATION Balance Sheet - Governmental Funds June 30, 2005

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		Governmente	Governmental Fund Types		To	Totals
		Capital	Road &	Nonmajor	(Memoran	(Memorandum Only)
	General	Projects	Sidewalk	Funds	2005	2004
ASSETS						
Current Assets						
Cash	857,612	1,391,178	580,903	28,548	2,858,241	2,487,819
Receivables	119,033	•		•	119,033	118,302
Reserve for Bad Debt	,	•	•	1		•
Loans to Other Funds	52,000	•	•		52,000	30.000
Prepaid Expense	•	1	1	,		•
Total Current Assets	1,028,645	1,391,178	580,903	28,548	3,029,274	2,636,121
NON CURRENT ASSETS						
Restricted Assets:						
Cash & Investments at Cost	r	,	•	r		1
Fixed Assets	•	•	•	•	•	1
Accumulated Depreciation	ı	ī	•	ī	•	
LTD Funds to be Provided in Future Period.	•	1	•	•	ı	•
Total Non-Current Assets	•	t	1		,]
Total Assets	1,028,645	1,391,178	580,903	28,548	3,029,274	2,636,121

Pleasant View City Corporation Balance Sheet - Governmental Funds June 30, 2005

!	Road & Sidewalk	Nonmajor	(Memoran	(Memorandum Only)	
le 183,004	Shewalk	5	2006	7000	
le 183,004	1	runds	2002	7007	
64,096		•	183,004	131,579	
	•		1		
	1 1	- 000 65	64,096	44,217	
	1	25,000	200,420	200 ,000	
	•	1	ı	1	
Total Current Liabilities 247,100 - 52,000		\$2,000	299,100	205,796	
Non-Current Liabilities Possess Board Boa					
Kevenue Bond Fayable	ŕ	•	•	•	
Less: Current Portion of Long-1erm Total Non-Current Liabilities	1 1	' '	1 1	1 1	
Total Liabilities - 52,000		52,000	299,100	205,796	
FUND EQUITY					
Contributed Capital	ī	ı	1	1	
Detailed Commission of the Com	1	1	•	•	
Netained Earnings:					
Reserved for Kevenue Bond	,	1	I	1	
Unreserved	:	i	1	ı	
ruid Dalaice;					
Roads	•	1	1	201,965	
ed 473,197 1,391,178 580,903 (23,452)	580,903	(23,452)	2,421,826	1,021,190	
` •	ı	` ,		1,207,170	
Total Fund Equity 781,545 1,391,178 580,903 (23,452) 2	580,903	(23,452)	2,421,826	2,430,325	
Total Liabilities & Fund Equity 1,028,645 1,391,178 580,903 28,548 3	580,903	28,548	3,029,274	2,636,121	
icial statements	ral-purpose financial s	tatements			

Balance Sheet Reconciliation to Statement of Net Assets June 30, 2005

Exhibit 4

Total fund balances - governmental fund types:	2,730,174
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,000,938
Long-term assets not available to pay for current period expenditures and, therefore, are deferred in the funds	116,096
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(16,218)
Net assets of government activities	3,830,990

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds
Year Ended June 30, 2005

Exhibit 5

		Governmental	Fund Types		Tot	als:
		Capital	Road &	Nonmajor	(Memoran	dum Only)
	General	Projects	Sidewalk	Funds	2005	2004
REVENUES						
Taxes and Assessments	1,631,986	43,605		-	1,675,591	1,315,714
Licenses and Permits	151,498		-	-	151,498	138,572
Intergovernmental	238,360	-	-		238,360	243,489
Charges for Services	120,276	-	-	-	120,276	94,885
Impact Fees	-	1 38,5 30	-	-	138,530	86,261
Fines and Forfeitures	135,389	•	-	-	135,389	126,745
Interest & Miscellaneous	38,928	47,937	13,136	220	100,221	501,745
Sale of Assets	-		•		_	26,600
Contributions		<u> </u>		<u>-</u>		-
Total Revenues	2,316,437	230,072	13,136	220	2,559,865	2,534,011
EXPENDITURES						
General Government	374,955	-	-	2,605	377,560	442,110
Public Safety	920,171	-	-	-,000	920, 171	913,880
Highways & Public Works	303,932		237,185	_	541,117	343,753
Parks and Recreation	95,104		•	*	95, 104	127,340
Capital Projects	<u>-</u>	259,613			<u>259,613</u>	147,570
Total Expenditures	1,694,162	259,613	237,185	2,605	2,193,565	<u>1.827.083</u>
Excess of Revenues Over						
(Under) Expenditures	622,275	(29,541)	(224,049)	(2,385)	366,300	706,928
OFFICE PRINCIPLE						
OTHER FINANCING SOURCES AND USES						
Transfers	(385,000)	215,000	105,000		(65,000)	<u> </u>
Excess of Revenues Over						
(Under) Expenditures & Other						
Financing Sources and Uses	237,275	<u> 185,459</u>	(119,049)	(2,385)	301,300	706,928
Fund Balances-Beginning of Year	<u>544,270</u>	<u>1,207,168</u>	<u>699,952</u>	<u>8,933</u>	2,460,323	<u>1,723,402</u>
Fund Balances-End of Year	781,545	1,392,627	580,9 03	6,548	2,761,623	2,430,330

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds to the Statement of Activities For the year ended June 30, 2005

Exhibit 6

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	29 9,8 49
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated	
useful lives and reported as depreciation expense. This is the amount by which	•
capital outlays exceeded depreciation in the current period.	830,011
The net effect of various miscellaneous transactions involving capital assets	
(i.e., sales, trade-ins, and donations) is to increase (decrease) net assets.	26,148
Revenues in the statement of activities that do not provide current financial resources	05 45 4
are not reported as revenues in the funds.	37,454
The issuance of long-term debt (e.g., bonds, leases) provide current financial	
resources to governmental funds, while the repayment of the principal of	
long-term debt consumes the current financial resources of governmental funds.	
Neither transaction, however, has any effect on net assets. This amount is the	
net effect of these differences in the treatment of long-term debt and related	
items.	3 5,6 43
Some expenses reported in the statement of activities do not require the use of	
current financial resources and, therefore, are not reported as expenditures in	
governmental funds.	(1,126)
Change in net assets of governmental activities	1,22 7,9 79
	. 9-0-0-1 9-7 -7

Statement of Net Assets Proprietary Funds June 30, 2005

Exhibit 7

	Storm Sewer Fund	Solid Waste Fund	Water Utility Fund	Sewer Utility Fund	Totals 2005
ASSETS Current Assets	231 023	712 727	C11 967	301676	1 753 678
Cash Accounts Receivable	9 142	23.476	36.552	23.254	92.424
Reserve for Bad Debt	,		(1,043)		(1,043)
Total Current Assets	679,295	237,213	513,621	414,880	1,845,009
Restricted Assets					
Cash-Bond Reserve	•	•	•	•	•
Cash-Replacement Fund	r	ı	•	56,691	56,691
Cash-Bond Retirement	Ī	ı	122,652	•	122,652
Investments	,	1	1,469,907	100,522	1,570,429
Total Restricted Assets		1	1,592,559	157,213	1,749,772
Thility Plant in Service					
Land	66.331	i	89,930	1	156,261
Water Distribution System	,	1	1,511,819	•	1,511,819
Sewer System	,	ı	•	1,113,793	1,113,793
Equipment	378,374	121,045	209,412	40,028	748,859
Accumulated Depreciation	(156,160)	(100,704)	(474,476)	(402,000)	(1,133,340)
Total Utility Plant in Service	288,545	20,341	1,336,685	751,821	2,397,392
Total Assets	967,840	257,554	3,442,865	1,323,914	5,992,173

Statement of Net Assets
Proprietary Funds
June 30, 2005

Exhibit 7 (Con't)

	Storm Sewer Fund	Solid Waste Fund	Water Utility Fund	Sewer Utility Fund	Totals 2005
LIABILITIES, RESERVES & FUND EQUITY Current Liabilities Accounts Pavable	1	'			
Compensated Absences	327	535	1,244	1,101	3,207
Customer Deposits	•	•	48,744		48,744
Current Portion of Long-Term Debt		E	55,000	21,000	76,000
Total Current Liabilities	327	535	104,988	22,101	127,951
Long Term Liabilities Revenue Bond Payable	,	ı	1,652,000	173,000	1,825,000
Less: Current Portion LT Debt	•	•	(55,000)	(21,000)	(76,000)
Total Long-Term Liabilities	1	1	1,597,000	152,000	1,749,000
Total Liabilities	327	535	1,701,988	174,101	1,876,951
Fund Equity	46 020	,	,		000 97
Contributions	07/01			401 148	401 148
Residual Equity Transfer for City Hall:	ı	•		047,104	101,101
Prior Years	•	ı	(100,000)	(100,000)	(200,000)
Current Year		•	,	•	•
Retained Earnings	920,593	257,019	1,840,877	848,665	3,867,154
Total Fund Equity	967,513	257,019	1,740,877	1,149,813	4,115,222
Total Liabilities & Fund Equity	967,840	257,554	3,442,865	1,323,914	5,992,173

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds June 30, 2005

Exhibit 8

	Storm Sewer Fund	Solid Waste Fund	Water Utility Fund	Sewer Utility Fund	Totals 2005
OPERATING REVENUES Service Fees	279,301	232,363	505,882	261.271	1.278.817
Total Operaing Revenue	279,301	232,363	505,882	261,271	1,278,817
OPERATING EXPENSES					
Salaries and Wages	23,547	32,012	75,541	36,350	167,450
Employee Benefits	9,943	11,176	23,703	13,729	58,551
Office Supplies & Expenses	1	1,008	1,041	840	2,889
Equipment Supplies & Maintenance	14,419	34	22,569	22,671	59,693
Utilities	•	•	14,974		14,974
Professional & Technical Services	17,349	350	81,033	2,554	101,286
Subscriptions & Memberships		•	499	250	749
Miscellaneous Supplies	1	1	1,459	ı	1,459
Sewage Disposal	1	1	,	111,214	111,214
Depreciation	29,047	13,228	70,528	28,290	141,093
Travel	•	91	989	91	718
Education and Training	•	•	384	•	384
Bad Debt	•	ı	389	1	389
Telephone	1	i	3,199	•	3,199
Refuse Collection	•	165,313		1	165,313
Improvements	3,972	•	1	ı	3,972
Capital Outlay	950	3,300	8,300	•	12,550
Equipment Rental	2,133	ı	1	2,133	4,266
Public Notices	1	i	2,082	1	2,082
Collection Charges	1	,	1,367	•	1,367
Total Operating Expenses	101,360	226,437	307,754	218,047	853,598
Operating Income (Loss)	177,941	5,926	198,128	43,224	425,219

See accompanying notes to general-purpose financial statements

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds June 30, 2005

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(>	0
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	2	3

	Storm Sewer Fund	Solid Waste Fund	Water Utility Fund	Sewer Utility Fund	Totals
NON - OPERATING REVENUES Building Fee Assessment Interfind Transfere	,	,	1	1	,
Miscellaneous		. ,	36,949		65,0 00 36,949
Interest Earned Connection Fees	12,128	4,830	24,821	10,683	52,462
Total Non-Operating Revenues	77,128	4,830	61,770	10,683	154,411
NON-OPERATING EXPENSES Interest on Bonds/Lease Operating Transfers to Other Funds Total Non-Operating Expenses			33,701	10,950	44,651
Net Income (Loss) For Year	255,069	10,756	226,197	42,957	534,979
Retained Earnings-Beginning	665,522	246,264	1,614,679	802,708	3,332,173
Retained Earnings-Ending	920,591	257,020	1,840,876	848,665	3,867,152
Residual Equity Transfer Prior Years Accumulation Current Year	1 1	1 1	(100,000)	(100,000)	(200,000)
Retained Earnings After Residual Equity Transfer	920,591	257,020	1,740,876	748,665	3,667,152

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2005

Exhibit 9

	•	Business-Tyn	e Activities - Enter	nrise Eunde	
	Storm Sewer	Water	Sewer	Solid Waste	
CARLE ON A PROPERTY	Fund	Fund	Fund	Fund	Total BTAs
CASH FLOWS FROM OPERATING ACTIVITIES					10111 15 2715
Receipts from customers	277,89 1	533,990	257,735	230,448	1, 30 0,064
Payments to suppliers	(38,727)	(133,875)	(139,678)	(170,022)	(48 2,302)
Payments to employees	(33,490)	(99,244)	(50,023)	(43,058)	(225.815)
Net cash provided (used) by operating activities					
operating activities	205,674	300.871	<u>68,034</u>	17,368	591. 94?
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITES					
Transfers from other funds	45 000				
Net cash provided (used) by	65,000	-			65, 000
noncapital financing activities	65,000				
	03,000				<u>65.000</u>
CASH FLOWS FROM CAPITAL AND RELATED					
FINANCING ACTIVITIES					
Purchases of capital assets	(92 383)	(56,919)		-	
Proceeds from sale of capital assets	(12 303)	182,093	_	•	(149,302)
Principal paid on capital debt	-	(6,000)	(19,000)	•	1 82 ,093
Interest paid on capital debt		(33,701)	(10,950)	•	(25,000)
Net cash provided (used) by capital		1997.92	(10,550)		(44,651)
and related financing activities	(92,383)	85,473	(29,950)	_	(36.8 60)
6.1 5.1 5.1 5.1 5.1 5.1 5.1 5.1 5.1 5.1 5.1 5.1					(30,300)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	12,128	24,821	10,683	4,830	52,462
Purchase of investments		_	(2,521)	,,,,,,,	(2.521)
Net cash provided (used) by					12/12/2/2
investing activities	12,128	24,821	8,162	4,830	49.941
Net increase (decrease) in cash and					
cash equivalents	100 410				
Cash and cash equivalents - beginning	190,419	411,165	46,246	22,198	670, 028
Cash and cash equivalents (deficit) - end	479,734	189,599	402,071	191,538	<u>1.262,942</u>
Serion - Cha	670,153	600,764	448,317	213,736	1,932,970
RECONCILIATION OF OPERATING INCOME TO					
NET CASH PROVIDED (USED) BY OPERATING					
ACTIVITIES					
Operating income	177,941	225.027	42.224		
Adjustments to reconcile operating	1//,941	235,077	43,224	5,926	<u>462,168</u>
income to net cash provided (used) by					
operating activities:					
Depreciation expense	29.047	70 ,528	28,290	12.000	4.4.4.
Amortization expense	-	70,320	20,290	13,228	141,093
(Inc)/decrease in accounts rec.	(1,410)	(8,841)	(3,536)	(1.015)	(15 500)
Increase (decr.) in accounts payable	96	4,107	(5,330)	(1,915) 130	(15,702)
Increase (decr.) in deposits			-	130	4,390
Total adjustments	27,733	65,794	24,811	11,443	129,781
Net cash provided (used) by				* *,***	127./31
operating activities	205,674	300,871	68,035	17 260	£01.040
•			00,000	17,369	591,949

Notes to General Purpose Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

I. A. Introduction

The financial statements of the City of Pleasant View City, Utah are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Standards Board (ASB) pronouncements and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

I. B.1. Financial Reporting Entity

Pleasant View City is incorporated under the laws of the State of Utah and operates within the classification of a third-class City. The City government is operated under a mayor and five-member council who are elected for four-year terms. Appointed officers are city recorder, city treasurer, and department heads for the police department and public works. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14 which are included in the City's reporting entity.

I. B.2. Government-wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The Government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

The government-wide statements present information on all non-fiduciary activities of primary government. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints places upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrated the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Governmental Fund Types

Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

General Fund – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The capital projects fund is used to account for resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Special Revenue Fund – The special revenue fund is used to account for specific revenues that are legally restricted to expenditure for particular purposes. Transactions of the Redevelopment Agency are accounted for in this fund.

Proprietary Fund Types

Proprietary funds use the economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund equity is segregated into contributed capital and retained earnings.

I. C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise form providing goods and services in connection with the fund's normal ongoing operations. The principal sources of operating revenues for the proprietary funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative overhead expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

The City has adopted GASB Statement No.20. Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting. Accordingly, the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Consequently, the City does not apply FASB pronouncements issued after November 30, 1989.

I. D. Budgetary Data

I. D.1. Budget Policy and Practice

The City operates within the budget requirements for third class cities as specified by state law. The financial reports reflect the following budgetary standards:

- a. For the fiscal year beginning July 1 the City Recorder prepares a tentative budget which is presented to the City Council at the first scheduled council meeting in the prior May.
- b. By resolution the Council adopts a proposed tax rate and budget by June 22 after a public hearing. If there is no increase in the certified tax rate a final budget is adopted by June 22. If there is an increase in the certified tax rate a final budget is adopted by resolution by August 10 after a public hearing.
- c. Transfers of unexpended appropriations from one expenditure account to another in the same department can be made with consent of the budget officer.
- d. Council may, by resolution, transfer unexpended appropriations from one department to another department within the same fund.
- e. Budgets in budgetary funds may be increased by council resolution after public hearing.
- f. Final amendments to the current year budget shall be adopted by the Council no later than the last day of the fiscal year.

I. E. Fixed Assets, Depreciation, and Long-term Liabilities

Property, plant, and equipment of all funds are stated at historical cost. Donated fixed assets are stated at their fair value on the date donated. Governmental fund fixed assets are recorded in the government column in the government-wide financial statements. The City has elected not to report public domain or infrastructure fixed assets that are immovable and of value only to the city government. Accumulated Depreciation is reported on the Statement of Net Assets. Proprietary fund fixed assets are recorded in the respective funds and depreciated using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and grounds	5 - 50
Improvements	2 - 50
Mobile equipment	3 - 30
Furniture, fixtures, and equipment	3 - 50

Long-term liabilities, expected to be financed from governmental fund types are accounted for in the General Long-term Debt Account Group, not in governmental funds.

I. F. Property Tax Calendar

Property taxes are attached as an enforceable lien of property as of January 1. Taxes are levied in June for the next fiscal year beginning July 1 and are due November 30. Property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year.

II. DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS

II. A. Assets

II. A.1. Cash, Cash Equivalents & Investments

Cash includes currency on hand and demand deposits with banks or other financial institutions. Demand deposits include accounts where the city may deposit or withdraw funds at any time without prior notice or penalty. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less.

The city follows the requirements of the Utah Money Management Act (Utah Code annotated 1953, Section 541, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of city funds in a "qualified depository". The act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Utah Commissioner of Financial Institutions as meeting the requirements of the act and adhering to the rules of the Utah Money Management Council.

Notes to General Purpose Financial Statements June 30, 2005

The Money Management Act also defines the types of securities allowed as a ppropriate temporary investments for the city and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

At June 30, 2005 the carrying amount of the city deposits was \$6,362,554 of which \$4,470,664 was deposited in the Utah State Treasurer's Investment pool. The bank balance was \$193,486 of which \$100,000 was covered by Federal Depository Insurance. The remaining bank balance of \$93,486 and the amount deposited in the Utah State Treasurer's Investment Pool was uncollateralized or collateralized with securities held by the pledging financial institution's Trust department or agent but not in the City's name.

II. A.2. Investments

None

II. A.3. Accounts Receivable

General Fund Accounts Receivable	
Development Receivables	(23,876)
Other Receivables	119,033
Storm Sewer Fund	•
Storm Sewer Utility Billings 6/30/05	9,142
Water Fund	•
Water Utility Billings 6/30/05	36,552
Sewer Fund	•
Sewer Utility Billings 6/30/05	23,254
Solid Waster Fund	•
Garbage Utility Billings 6/30/05	<u>23,476</u>
Total Accounts Receivable	187.581

A.4. Reserve for Bad Debt

The Water Utility fund reserve for bad debt is the amount of receivables deemed to be uncollectable. The amounts estimated are \$1,043 at June 30, 2005.

PLEASANT VIEW CITY Notes to Financial Statements June 30, 2005

II. A.5 Capital Assets Capital asset activity for the year ended June 30, 2005 was as follows:

Primary Government	Beginning			Ending
Governmental activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:			1500104305	<u> </u>
Land	156,708	80,000	_	236,708
Total capital assets not being depreciated	156,708	80,000	-	236,708
				
Capital assets being depreciated:				
Buildings	291,479	-	•	291,47 9
Improvements	216,056	-	-	216,056
Machinery and equipment	1,102,254	442,80 3	42,641	1,502,416
Infrastructure	•	•	-	
Total capital assets being depreciated	1,609,789	442,803	42,641	2,009,951
Less accumulated depreciation for:				
Buildings	291,479	•	-	291,479
Improvements	•	-	-	-
Machinery and equipment	1,047,516	26,148	•	1,073,664
Infrastructure Total accomplated description	1 220 00 5	•	-	•
Total accumulated depreciation Total capital assets, being depreciated, net	1,338,995	26,148	40.644	1,365,143
• •	270,794	416,655	42,641	644,808
Governmental activities capital assets, net	427,502	496,655	42,641	881,516
	Desimala			- "
Business-type activities:	Beginning	T	5	Ending
Capital assets not being depreciated:	Balance	Increases	Decreases	Balance
Land	156,261			156 261
Total capital assets not being depreciated				156,261
Total capital assets not being depreciated	156,261		-	156,261
Capital assets being depreciated:				
Buildings	_	_	_	-
Improvements	2,771,968	_	-	2,771,968
Machinery and equipment	602,502		-	602,502
Total capital assets being depreciated	3,374,470	-	-	3,374,470
Less accumulated depreciation for:				
Buildings	-	-	-	
Improvements/Infrastructure	725,708	78,397	_	804,105
Machinery and equipment	268,273	62,696	-	330,969
Total accumulated depreciation	993, 98 1	141,093	-	1,135,074
Total capital assets, being depreciated, net	2,380,489	(141,093)	-	2,239,396
Business-type activities capital assets, net	2,536,750	(141,093)	-	2,395,657
•			44-4-4-E-E-E-E-E-E-E-E-E-E-E-E-E-E-E-E-	

PLEASANT VIEW CITY Notes to Financial Statements June 30, 2005

II. A.5 Capital Assets (cont)

Depreciation expense was charged to functions/programs of the primary government as				
follows:				
Governmental activities:				
General government			3,598	
Public safety			16,364	
Highways and public improvements Parks and recreation			1,480	
			4,706	
Total depreciation expense - governmental activities	S		26,148	
Business-type activities:				
Sewer			28,290	
Water			70,528	
Solid Waste			13,228	
Storm Sewer			29,047	
Total depreciation expense - Business-Type Activiti	es		141,093	
Total depreciation expense			167,241	
			•	
Governmental activities				
Machinery and equipment:	Beginning	Acquisitions	Dispositions	Ending
Furniture and equipment	155,810		-	155,810
Machinery and equipment	556,693	414,401	-	971,094
Vehicles	389,751	28,402	42,641	375,512
Total machinery & equipment	1,102,254	442,803	42,641	1,502,416
Accura dances Machinery and equipments	Desirates	D	Discoulds.	T7 1'
Accum. deprec Machinery and equipment: Furniture and equipment	Beginning	Depreciation 2.508	Dispositions	Ending
Machinery and equipment	154,254	3,598	-	157,852
Vehicles	540,676	6,186	-	546,862
	352,586	16,364		368,950
Total machinery & equipment	1,047,516	26,148		1,073,664
Business-type activities				
Machinery and equipment:	Beginning	Acquisitions	Dispositions	Ending
Furniture and equipment	7,604	•	-	7,604
Machinery and equipment	203,017	•	-	203,017
Vehicles	264,629			264,629
Total machinery & equipment	475,250		_	475,250
Accum. deprec Machinery and equipment:	Beginning	Depreciation	Dispositions	Dadina
Furniture and equipment	7,534	Depreciation 70	Dispositions	Ending 7.604
Machinery and equipment	12 5,20 3	34,38 1	•	7,604
Vehicles	125,205	28,245	•	159,584
				163,781
Total machinery & equipment	268,273	62,696	-	330,96 9

II. B. Liabilities

II. B.1. General Long-Term Debt

The following is a summary of changes in the general long-term debt

	Balance 07/01/2004	Increases	Decreases	Balance 06/30/2005
Compensated Absences				00/30/2003
Payable Lease Obligation	17,445 36,072	4, 493 22, 679	35,643	21,938 23 ,108
Total Long Term Debt				23,100
Account Group	53,517	27,172	35,643	45,046

Compensated absences are accrued in the Long-Term Debt account group based on the total vacation and compensatory hours unused at June 30, 2005. The vacation hours are multiplied by the employees respective pay rates, and the compensatory time is multiplied by the employees respective pay rate at time and one-half, as required by the Fair Labor Standards Act, to arrive at total compensated absences payable.

II. B.2. Deferred Revenues

The revenues collected in advance are 2005 property taxes that will be recorded as revenues in the 2004/05 fiscal year.

II. B.3. Proprietary Fund Changes in Long-Term Debt

The following is a summary of Proprietary Fund changes in long-term debt transactions of the City for the year ended June 30, 2005.

	Outstanding			Outstanding
	July 1, 2004	Additions	Reductions	June 30, 2005
REVENUE BONDS				
Sewer Revenue	192,000	-	19,000	173,000
Water Utility 89B	6,000	-	6,000	
Water Utility 2004		1,652,000	-	1,652,000
Total Bonds	198,000	1,652,000	25,000	1,825,000

June 30, 2005

II. B.3. Proprietary Fund Changes in Long-Term Debt (Con't)

A. <u>Sewer Utility</u>	
1. Revenue Bond Series 9-1-1971 annual interest rate is 6%, due semi-annually on September 15, and March 15. Principal payments are due September 1st of each year as per bond schedule shown on following page.	173,000
B. Water Utility	
1. Water Revenue Bond issue 1989B payable to Water Resources Department of State of Utah. Zero interest principal payments due annually on April 1st as per bond amortization schedule. This is an interest free loan from the State of Utah.	
2. Water Revenue Bond issue 2004 payable to US Bank. Interest at 2.75% to 4.7% due semi-annually on April 1 and October 1, with principal as per bond amortization schedule.	1,652,000
Total Proprietary Fund Long-Term Debt	1.825.000

II. B.3. Proprietary Fund Changes in Long-Term Debt (Con't)

Sewer Revenue Bond Schedule

The bonds shall mature serially in numerical order on September 1, of each of the years and be numbered as follows:

Bond Number	Year_	Principal Amount	Interest Amount	Total Debt Service
278 to 298	2005	21,000	9,750	30,750
299 to 320	2006	22,000	8,460	30,460
321 to 343	2007	23,000	7,110	30,110
344 to 367	2008	24,000	5,700	29,700
368 to 393	2009	26,000	4,200	30,200
394 to 421	2010	28,000	2,580	30,580
422 to 450	2011	29,000	870	29,870
Total		173,000	38,670	211,670

Water Revenue Bond Schedule

The annual requirements to amortize bonded debt as of June 30, 2005 follows:

	Series 2004	Series 89B	Total Principal		
	Amount	Amount	Maturing		
	Maturing	Maturing	Per Fiscal		Total Debt
<u>Year</u>	1-Apr	1-Jan	Year	Interest	Service
20 05	-			33,148.3	33,148
2006	55,000.0		55,000.0	65,540.3	120,540
2007	57,000.0		57,000.0	63,872.0	120,872
2008	59,000.0		59,000.0	61,927.5	120,928
2009	61,000.0		61,000.0	59,736.0	120,736
20 10	63,000.0		63,000.0	57,317.0	120,317
20 11	66,000.0		66,000.0	54,671.0	120,671
20 12	69,000.0		69, 000.0	51,767.0	1 20,7 67
2013	72,000.0		72,000.0	48,629.0	120,629
2014	76,000.0		76,000.0	45,261.0	121,261
2015	79,000.0		79,000.0	41,656.5	120,657
2016	83,000.0		83,000.0	38,140.0	121,140
2017	86,000.0		86, 000.0	34,760.0	120,760
2018	89,000.0		89, 000.0	31,260.0	120,260
2019	93,000.0		93,000.0	27,620.0	120,620
2020	97,000.0		97,000.0	23,820.0	120,820
2021	101,000.0		101,000.0	19,860.0	1 20,8 60
2022	105,000.0		105,000.0	15,740.0	120,740
2023	109,000.0		109,000.0	11,460.0	120,460
2024	114,000.0		114,000.0	7,000.0	121,000
2025	_ 118,000.0		118,000.0	2,360.0	120,360
Total	1,652,000	-	1,652,000	795,546	2,447,546

II. B.4. Restricted Funds/Designated Funds

In this note, the Road Funds and Liquor Funds are included in the fund balance of the General Fund on page 3, Exhibit 1.

	Restricted Funds	
	Road	Liquor
	<u>Funds</u>	Funds
Restricted Balanced July 1, 2004	201,965	-
REVENUE		
State Road Allotments	197,997	_
Interest Earned	13,136	_
State Liquor Allotment	-	4,875
Total available Restricted Funds	413,098	4,875
EXPENDITURES		
Liquor Control Costs	-	4,875
Highway Construction	98, 517	-
Total Expenditures	98,517	4,875
Restricted Balance June 30, 2004	314,581	_

II. B.5. Interest Expense

The Proprietary Fund incurred \$44,098 in interest expense all of which was charged to expense

III. COMPLIANCE

III. A.1. Retirement System

Plan Description

Pleasant View City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System of employers with Social Security Coverage, cost-sharing, multiple-employer defined benefit pension plans administered by the Utah Retirement Systems. Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

III. A.1. Retirement System

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the systems and plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and Pleasant View City is required to contribute 5.61% of their annual covered salary. In the Local Governmental Noncontributory Retirement System the City is required to contribute 8.69% of their annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage the City is required to contribute 16.24% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2005, 2004, and 2003 were \$9,352, \$7,358, and \$5,843 respectively and for the Noncontributory Retirement System the contributions for June 30, 2005, 2004, and 2003 were \$28,300, \$24,805, and \$20,821 respectively and for the Public Safety Retirement System the contributions for June 30, 2005, 2004 and 2003 were \$44,169, \$36,231, and \$30,462 respectively. The contributions were equal to the required contributions for each year.

The Utah Retirement Systems have adopted Governmental Accounting Standards Board Statement 32 (GASB No. 32), Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This resulted in reporting the 457 plans as a "Trust Fund" rather than an "Agency Fund" as previously reported. Now all of the assets and income of the 457 Plan are held in trust for the exclusive benefit of the partici pants or their beneficiaries rather than the assets of the employer. The assets are no longer assets of the City and are not included in the City's Financial Statements.

III. A.2. Fire Department Agreement

The fire department expenditure included in the financial statements of Pleasant View City Corporation is known as North View Fire Department. North View Fire Department is governed by an agreement between the cities of North Ogden, Pleasant View, and Harrisville. This agreement places the mayors of each City as the administrative body for the North View Fire Department but give North Ogden City authority to budget and have control over the financial aspects of the fire department. Therefore, the fire department is reported within the financial statements of North Ogden City Corporation and Pleasant View City only records the annual allocated expenditure.

III. A.3. Redevelopment Agency

In 2002 the City created a redevelopment agency to account for revenues derived from specific taxes, which are designated to finance particular functions of the city. In accordance with Utah Code Section 17A-2-1217(3), the City's Redevelopment Agency is required to disclose the following information for fiscal year 2005:

- A. There were no taxes collected by the Agency during the 2005 fiscal year.
- B. There were no taxes paid by the Agency during the 2005 fiscal year
- C. The Agency owed \$52,000 to other funds at June 30, 2005.
- D. The Agency spent \$2,605 for administrative & public works for the project

III. A.4. Subsequent Events

Subsequent to June 30, 2005, the city issued new Water Revenue Bonds in the amount of \$1,652,000. The bonds were issued to finance the construction of a new well and water storage facilities.

Required Supplementary Information

Statement of Revenues, Expenditures, and

Changes in Fund Balances - Budget (G.A.A.P. Basis) and Actual General and Capital Project Fund Types Year Ended June 30, 2005

Statement A-1

<u>Successful I</u>		General F	und	·
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Taxes and Assessments	1,392,559	1,623,000	1,631,986	8,9 8 6
Licenses and Permits	108,225	148,500	151,498	2,998
Intergovernmental	228,500	237,907	238,360	453
Charges for Services	72,050	118,700	120,276	1,576
Fines and Forfeitures	147,000	139,000	135,389	(3,611)
Interest & Miscellaneous	20,300	21,100	21,128	28
Sale of Assets	•	17,800	17,800	
Total Revenues	1,968,634	2,306,007	2,316,437	10,430
<u>EXPENDITURES</u>				
General Government	507,948	402,075	374,955	27,120
Public Safety	919,136	926,023	920,171	5,852
Highways & public works	412,750	415,550	303,932	111,618
Parks and Recreation	93,800	98,950	95,104	3,846
Total Expenditures	1,933,634	1,842,598	1,694,162	148,436
Excess of Revenues Over				
(Under) Expenditures	35,000	463,409	622,275	158,866
OTHER FINANCING SOURCES (USES)				
Transfers	(35,000)	(407,000)	(385,000)	22,000
Excess of Revenue and Other Sources Over				
(Under) Expenditures	•	56,409	237,275	180,866
Fund Balances-Beginning of Year	544,270	544,270	544,270	
Fund Balances-End of Year	544, 270	600,679	781,545	180,866

Statement of Revenues, Expenditures, and

Changes in Fund Balances - Budget (G.A.A.P. Basis) and Actual

General and Capital Project Fund Types Year Ended June 30, 2005

Statement A-1 (cont)

	Ro	oad & Sidewalk F	und
DEVENTES	Budget	Actual	Variance
REVENUES Contributions	105 ,00 0	105 000	
Interest Earned	12,300	105 ,00 0 13,136	836
Miscellaneous Revenue	12,500	13,130	850
Total Revenues	117,300	118,136	836
EXPENDITURES			
Road & Sidewalk	237,185	237,185	
Total Expenditures	237,185	237,185	-
Excess of Revenues Over (Under)			
Expenditures	(119,885)	(119,049)	836
Fund Balances-Beginning of Year	699,952	699,952	
Fund Balances-End of Year	_580,067	580,903	836

Statement of Revenues, Expenditures, and

Changes in Fund Balances - Budget (G.A.A.P. Basis) and Actual

General and Capital Project Fund Types
Year Ended June 30, 2005

Statement A-1 (cont)

		Capital Project Fur	nd
	Budget	Actual	Variance
REVENUES			
Contributions	-	-	-
Taxes and Assessments	201,350	203,286	1,936
Interest Earned	25,000	26,786	1,786
Total Revenues	226,350	230,072	3,722
<u>EXPENDITURES</u>			
Capital Projects	394,331	259,613	134,718
Total Expenditures	394,331	259,613	134,718
Excess of Revenues Over (Under)			
Expenditures	(167,981)	(29,541)	138,440
OTHER FINANCING SOURCES (USES)			
Sale of Assets	-	-	••
Transfers In (Out)	215,000	215,000	
Excess of Revenue and Other Sources Over			
(Under) Expenditures & Other Uses	47,019	185,459	138,440
Fund Balances-Beginning of Year	1,207,168	1,207,168	-
Fund Balances-End of Year	1,254,187	1,392,627	(138,440)

Supplementary Information

General Fund

Comparative Balance Sheet June 30, 2005 and 2004

Statement A-2

	Fiscal Year 2005	Fiscal Year 2004
<u>ASSETS</u>	2003	
Cash	857,612	571,764
Accounts Receivable	119,033	118,302
Loans to Other Funds	52,000	30,000
Prepaid Expenses	•	_
Total Assets	1,028,645	720,066
LIABILITIES & FUND BALANCE Liabilities		
Accounts Payable	183,004	131,579
Revenue Collected in Advance	64,096	44,217
Total Liabilities	247,100	175,796
Fund Balance		
Reserve For Roads		201,965
Unappropriated	781,545	342,305
Total Fund Balance	781,545	544,270
Total Liabilities & Fund Balance	1,028,645	720,066

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (G.A.A.P. Basis) and Actual Year Ended June 30, 2005

Statement A-3

	2005 Budget	2005 Actual	Variance	2004 Actual
REVENUES				
Taxes and Assessments	1,623,000	1,631,986	8,986	1,315,714
Licenses and Permits	148,500	151,498	2,998	138,572
Intergovernmental	23 7,9 07	238,360	453	243,489
Charges for Service	118,700	120,276	1,576	94,885
Fines and Forfeitures	139,000	135,389	(3,611)	1 26,7 45
Miscellaneous	21,100	21,128	28	12,713
Sale of Assets	17,800	17,800		26,600
Total Revenues	2,306,007	2,316,437	10,430	1,958,718
EXPENDITURES				
General Government	402,075	374,955	(27,120)	408, 856
Public Safety	926,023	920,171	(5,852)	881,879
Streets and Highways	415,550	303,932	(111,618)	322,419
Parks and Recreation	98,9 50	95,104	(3,846)	116,008
Total Expenditures	1,842,598	1,694,162	(148,436)	1,729,162
Excess of Revenues Over				
(Under) Expenditures	463,409	622,275	158,866	229,556
OTHER FINANCING SOURCES (USES)				
Transfers	(407,000)	(385,000)	22,000	(35,000)
Excess of Revenue and Other Sources Over				
(Under) Expenditures and Other Uses	56,409	237,275	180,866	194,556
Fund Balance Beginning	544,270	544,270	-	319,721
Fund Balance Ending	600,679	<u>781,545</u>	180,866	514,277

Capital Project Funds
Combining Balance Sheet
June 30, 2005

Statement B-1

	nan Total velop. Capital Projects	410		- 265,336 - 260,497 - 327,445 - 231,842 - 126,648 - 179,410 179,410 179,410 179,410 179,410 179,410
	Open Space Wadman Impact Park Develop. Fund Fund	548		- 126,648 - 126,648 126,648 177
ect Funds	Fire Equipment Ope & Facility In Fund	1,842		231,842
Capital Project Funds	City Hall Build ing Fund	327,445		327,445 - - 327,445 327,445
	Equipment Replacement Fund	260,497		260,497
	Park Development Fund	265,336		265,336 - - - - - - - - - - - - - - - - - -
		ASSETS Cash and cash equivalents A/R - special assessment Total assets	LIABILITIES AND FUND BALANCES Liabilities: Notes payable - interfund Bonds payable Impact fees payable Total liabilities	Fund balances: Fund balances reserved for: Park Development Fund Equip. Rep. Fund City Hall Building Fund Fire Equip. & Fac. Fund Open Space Impact Fund Wadman Park Develop. Total fund balances

Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Year End June 30, 2005

Statement B-2

			Capital	Capital Project Funds			
	Park Development	Equipment Replacement	City Hall Building	Fire Equipment & Facility	Open Space Impact	Wadman Park Develop.	Total Nonmajor
REVENUES:	Fund	Fund	Fund	Fund	Fund	Fund	Gvtl. Funds
Property taxes	•	1	•	•	•	•	•
Impact fees	43,605	•	1	17,480	121,050	•	182,135
Interest Earned	3,809	4,970	6,919	4,958	2,148	3,982	26,786
Miscellaneous	•	•	21,151	•	1		21,151
Total	47,414	4,970	28,070	22,438	123,198	3,982	230,072
EXPENDITURES:							
General government	•	26,150	4,023	1	80,350	350	110,873
Public safety	1	•	6	32,293	•	•	32,293
Parks and recreation	117,898	•	•	ı	i	1	117,898
Debt Service:	•	•	•	•	•	•	
Principal retirement	1	•	ı	•	•	•	J
Interest and fiscal charges		• [•	J			1
Totai	117,898	26,150	4,023	32,293	80,350	350	261,064
Excess of revenues over							
(under) expenditures	(70,484)	(21,180)	24,047	(6,855)	42,848	3,632	(30,992)
Other financing sources (uses):							
Transfers in	140,000	000,09	•	15,000	1	•	215,000
Transfers out	•			•	•		
Total other fin. sources (uses)	140,000	60,000	,	15,000	1	1	215,000
Excess R&OSO(U)E&OU	69,516	38,820	24,047	5,145	42,848	3,632	184,008
Fund Balances - Begin	195,820	221,677	303,398	226,696	83,799	175,778	1,207,168
Fund Balances - End	265,336	260,497	327,445	231.841	126,647	179.410	1.391,176

See accompanying notes to general purpose financial statements



Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements performed in accordance with Government Auditing Standards

Honorable Mayor & Members of the City Council Pleasant View City Corporation Pleasant View, Utah

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of Pleasant View City, Utah, for the year ended June 30, 2005, and have issued our report thereon dated December 5, 2005. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pleasant View City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Pleasant View City, Utah. In a separate letter dated December 5, 2005.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Pleasant View City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. Our consideration of the internal control may not disclose all reportable conditions.

This report is intended for the information of the management, and City council. However, this report is a matter of public record and its distribution is not limited.

Steve for hugtun & Ogyociates

Steve Johnstun & Associates Certified Public Accountant December 5, 2005



AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

We have audited the general-purpose financial statements of Pleasant View City Corporation, Utah, for the year ended June 30, 2005, and have issued our report thereon dated December 5, 2005. As part of our audit, we have audited Pleasant View City Corporation, Utah, compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, reporting; or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major State Assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation) Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Other General Issues

B & C Road Funds
Justice Courts
Uniform Building Code Standards
Liquor Law enforcement
Truth in Taxation
Property Tax Limitations

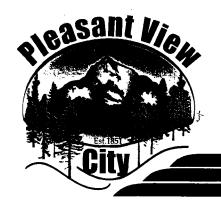
The management of Pleasant View City Corporation, Utah, is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and <u>Government Auditing Standards</u>, issued by the Comptroller General of the Untied States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the material noncompliance with the requirements referred to the above occurred. An audit included examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Pleasant View City Corporation, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special test and provisions that are applicable to each of its major state assistance programs for the year ended June 30, 2005.

Steve Johnstun & Associates Certified Public Accountant December 5, 2005



520 W. Elberta Dr. Pleasant View, Ut 84414 Main Office (801) 782-8529 Police Dept. (801) 782-6736

December 23, 2005

Steve Johnstun and Associates 3590 Harrison Blvd. Suite G-2 Ogden, Utah 84403

Dear Sirs:

We would like to extend our appreciation in connection with your audit for the year ended June 30, 2005, and would like to respond to your recommendations.

The City has corrected the bonding requirements for the City Treasurer.

During the budgeting process the City assumed that the fund balance may not exceed 18% of the total estimated "or budgeted" revenue of the General Fund. If budgeted revenues and budget expenditure excluding Class B Road Funds are use to calculate the fund balance, the city is under that 18% limit. Please let us know if we need to use actual revenue to calculate the fund balance.

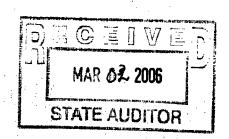
We would like to thank you for all the assistance throughout the year that your office provides the city.

Sincerely.

James R. Fisher

Mayor





December 5, 2005

Honorable Mayor and City Council Pleasant View City Corporation 885 West Pleasant View Drive Pleasant View City, Utah 84414

Dear Mayor and City Council:

We have completed our audit of Pleasant View City for the year ended June 30, 2005, and issued our report thereon dated December 5, 2005. During our audit we noted the following items:

The city is now following the correct procedures when putting idle equipment or vehicles up for sale.

Utah Code 51-7-15 and Rule 4 of the Utah Money Management Council requires all public treasurers to be bonded for a minimum amount. The treasurer for the city is not adequately bonded at the present time.

Utah Code 10-6-116(2) sets forth the maximum fund balance in the General Fund. The fund balance may not exceed 18% of the total estimated revenue of the General Fund. The city is not in compliance with Utah Code. This is a repeat finding.

We appreciate the courteous assistance provided to us by the City Staff and commend the Treasurer and Recorder for the continued improvement in the financial records of the City.

Sincerely,

Steve Johnstun & Associates Certified Public Accountant